

## Message Text

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ACTION AGR-10

INFO OCT-01 EUR-12 ISO-00 EB-07 /030 W  
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R 161425Z AUG 76  
FM AMEMBASSY THE HAGUE  
TO SECSTATE WASHDC 8771  
INFO EC COLLECTIVE 39

UNCLAS THE HAGUE 4455

DEPT PASS AGRICULTURE

E.O. 11652: N/A  
TAGS: EAGR, EEC  
SUBJ: NETHERLANDS: DROUGHT SITUATION REPORT NO 4

REF: A) TOFAS 515; B) TOFAS 544; C) TOFAS 573

1. WEATHER: LIGHT TO MODERATE RAINFALL RECORDED DURING  
JULY 20-AUG 6. WEATHER BUREAU REPORTS PRECIPITATION DURING  
FIRST 7 MONTHS OF 1976 HAS BEEN ABOUT 33 PERCENT BELOW NORMAL.  
MONTHLY TOTALS BEING INCLUDED IN OUR ANNUAL G&F REPORT.

2. GENERAL: EFFECTS OF DROUGHT BEING STILL FELT IN SOME  
PROVINCES OF NETHERLANDS AND CERTAIN AGRICULTURAL SECTORS  
INCLUDING DAIRY, FRESH VEGETABLE AND HORTICULTURE. INCREAS-  
INGLY, HOWEVER, NEWSPAPERS NOW REPORTING WHAT WE HAD SAID ALL  
ALONG THAT OVERALL IMPACT OF DROUGHT ON DUTCH AGRICULTURE WAS  
OVERLY EXAGGERATED DURING PAST 5-6 WEEKS.

3. GON ACTIONS: MINAG HAS ANNOUNCED INTENTION TAKE FOLLOWING STEPS  
TO FACILITATE HIGHER ROUGHAGE SUPPLIES FOR LIVESTOCK (PRINCIPALLY  
DAIRY) SECTOR:

(A) GUARANTEE PAYMENT 300 GULDERS (ABOUT US\$ 111) PER HECTARE  
SOWN TO ITALIAN RYE OR WESTERWOLD RYE GRASSES BETWEEN JULY 1  
AND AUG 15, 1976 IF GRASS SOWN THIS PERIOD FAILS:

(B) SUBSIDIZE SOME TRANSPORTATION COSTS RELATED TO ABOVE GRASSES  
FROM GROWERS TO USERS IF DISTANCE INVOLVED IS OVER 30 KILOMETERS.

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AMOUNT OF SUBSIDY NOT YET DETERMINED BUT MINAG OFFICIALS INDICATE

SUBSIDY WILL AMOUNT BETWEEN ONE THIRD TO ONE HALF OF QUOTE NORMAL UNQUOTE TRANSPORTATION COST FROM TRADITIONALLY CROPLAND (AS COMPARED TO GRASSLAND) TO DAIRY AREAS;  
(C) PAY UP TO A MAXIMUM 04,000 GUILDERS (ABOUT US 1,480) PER SUGARBEET HARVESTING MACHINE CONVERTED/MODIFIED TO SAVE SUGAR-BEET LEAVES AND TOPS DURING UPCOMING HARVEST. IN PAST YEARS THESE LEAVES AND TOPS GENERALLY HAVE BEEN MULCHED BACK INTO FIELDS AFTER HARVEST. THIS THEY WOULD LIKE TO USE FOR CATTLE FEEDINGS. MINAG HAS ALREADY ASKED EC COMMISSION FOR NECESSARY ADVICE AND CLEARANCES ON ABOVE MEASURES SINCE GON CONCERNED THAT UNILATERAL MEMBER STATE DECISIONS TO PAY SUBSIDIES MIGHT CONTRAVENE CAP.

4. ON AUGUST 10 MINISTER VAN DER STEE ALSO ANNOUNCED WILLINGNESS CONSIDER PAYMENT OF UP TO 200,000 GUILDERS (ABOUT US 76,000) FOR TRANSPORTING FEED AND FORAGE FROM DUTCH MAINLAND TO AMELAND ISLAND ACROSS THE WADDENSEA. THIS ISLAND APPEARS TO HAVE BEEN ONE OF THE WORST HIT AREAS. MINAG DIR FOR ECON AFFAIRS (BERGMAN) ALSO ADVISED AGATT OF COMPLAINT FROM DUTCH HAY IMPORTERS OF DIFFICULTIES BUYING THE YEARLY AVERAGE 200,000 TONS HAY FROM FRANCE. ALLEGEDLY GROWERS/DEALERS IN FRANCE NOT WILLING SELL HAY TO DUTCH ON ADVICE/URGING OF GOF.

5. IMPACT OF DROUGHT ON SELECTED AGRICULTURAL CROPS PRODUCTION:

(A) GRAINS: NO CHANGE FROM OUR PRODUCTION PROJECTIONS NOTED REF C EXCEPT FOR RYE WHICH SHOULD BE REDUCED FROM 70,000 MT TO 60,000 MT;

(B) MILK: CURRENT WEEKLY DELIVERIES TO PLANTS ARE BETWEEN 1-2 PERCENT BELOW LAST YEAR BUT CUMULATIVE TOTAL SINCE EARLY JANUARY-JULY 24, 1976 STILL 4.4 PERCENT HIGHER THAN LAST YEAR.

(C) ROUGHAGE: RECENT RAINS HAVE HELPED AND FARMERS EXPECT SECOND CUT (EVEN THOUGH DELAYED) OF GRASS PRETTY SOON. MANY REPORTS INDICATE FARMERS COULD MANAGE WITH LESS ROUGHAGE THAN THEY ARE USED TO:

(D) LIVESTOCK AND MEAT: SINCE MID JULY SLAUGHTER CATTLE SUPPLIES HAVE BEEN SLIGHTLY OVER LAST YEAR LEVELS. MEAT PRICES HAVE NOT DROPPED BECAUSE AFTER WARM SPELL CONSUMPTION HAS INCREASED AGAIN. LARGER AND POSSIBLY MODEST EARLIER CULLING IS EXPECTED IN COMING MONTHS AND TRADE EXPECTS PRICES WILL DROP. MUCH WILL DEPEND ON EVENTUAL EC INTERVENTION MEASURES AFTER SEPT 16;  
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(E) SUGARBEETS: OVERALL CONDITIONS CONSIDERED GOOD TO PERFECT. SUGAR PRODUCTION STILL EXPECTED TOTAL 800-850,000 MT;

(F) VEGETABLES: DUE POOR TO BAD SUPPLIES (AND QUALITY) PRICES IN MANY INSTANCES HAVE DOUBLED AND EVEN TRIPLED. SITUATION NOT EXPECTED TO LAST LONG SINCE LARGER QUANTITIES OF FAST GROWING VEGETABLES INCLUDING LETTUCE AND ENDIVE EXPECTED IN THE MARKET DURING NEXT FEW WEEKS AND GROWERS NATURALLY ANXIOUS CAPITALIZE ON DOMESTIC AND EXPORT NEEDS:

(G) FRUITS: APPLE CROP WILL BE MUCH LESS THAN LAST YEAR BECAUSE  
OF NIGHT FROST IN APRIL. DROUGHT WILL HAVE SOME EFFECT BUT  
OUTCOME NOT YET MEASUREABLE. PEAR CROP WILL BE ABUNDANT:  
(H) BULBS: SIZE AND QUALITY BADLY AFFECTED. SOME EXPORTERS  
BELIEVE THAT QUANTITIES AVAILABLE FOR EXPORT TO US WILL BE AT  
LEAST 20-25 PERCENT BELOW LASTYEAR. SINCE SALES CONTRACTS  
WERE CONCLUDED BEFORE ONSET OF DROUGHT THIS SHORTAGE WILL  
REDUCE DUTCH EXPORT EARNINGS AND COULD PUSH DOMESTIC US PRICES  
IF DEMAND EXCEEDS SUPPLIES.  
BROWN

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